

Message Text

CONFIDENTIAL

PAGE 01 STATE 051329
ORIGIN EUR-12

INFO OCT-01 EA-07 ISO-00 SS-15 NSC-05 SSO-00 NSCE-00 AID-05
EB-08 TRSE-00 OMB-01 INR-07 INRE-00 /061 R

DRAFTED BY TEXT RECEIVED FROM WHITE HOUSE

APPROVED BY EUR:MR. BARBOUR

EA/J:WCSHERMAN

S/S:MR. SEBASTIAN

-----082247Z 077647 /66-62

O 082211Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L STATE 051329

E.O. 11652: GDS

TAGS: PO, PFOR, EAID, JA

SUBJECT: CONSORTIUM LOAN FOR PORTUGAL

1. PLEASE DELIVER IMMEDIATELY FOLLOWING LETTER TO PRIME
MINISTER FROM THE PRESIDENT.

2. QUOTE. DEAR MR. PRIME MINISTER: I WOULD LIKE TO RAISE
WITH YOU PERSONALLY THE QUESTION OF BALANCE OF PAYMENTS
ASSISTANCE TO PORTUGAL, WHICH I BELIEVE IS NECESSARY TO
HELP STABILIZE THAT COUNTRY'S ECONOMY AND PREVENT A REVER-
SAL OF ITS CURRENT POSITIVE POLITICAL EVOLUTION.

3. WITH THE SUPPORT OF THE OTHER OECD COUNTRIES, PORTUGAL
HAS MADE GREAT STRIDES TOWARD THE RESTORATION OF DEMOCRACY.
HOWEVER, THE SITUATION REMAINS UNCERTAIN. PRIME MINISTER
SOARES IS FACING A DIFFICULT PERIOD IN WHICH ECONOMIC
DISTRESS -- COUPLED WITH HIS EFFORTS TO RELIEVE IT --
FOSTER POLITICAL ELEMENTS WHICH DO NOT SUPPORT PORTUGUESE
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DEMOCRACY.

4. SEVERAL OECD COUNTRIES HAVE ALREADY PROVIDED SUBSTAN-
TIAL SHORT TERM FINANCING. HOWEVER, IT WILL TAKE TWO OR
THREE YEARS BEFORE PORTUGAL'S ECONOMIC PROGRAM CAN REACH A
POINT WHERE THE LARGE BALANCE OF PAYMENTS DEFICIT CAN BE
FINANCED THROUGH NORMAL MEANS. OUR PROJECTIONS INDICATE

THAT DURING THIS PERIOD ROUGHLY 1.5 BILLION DOLLARS OF ADDITIONAL OFFICIAL MEDIUM TERM FINANCING WILL BE REQUIRED.

5. NO COUNTRY CAN PROVIDE ASSISTANCE ON SUCH A SCALE, NOR DO PORTUGAL'S DRAWING RIGHTS FROM THE INTERNATIONAL MONETARY FUND APPROACH THIS AMOUNT. A COMMON EFFORT BY AS MANY NATIONS AS POSSIBLE WILL BE REQUIRED TO PROVIDE NECESSARY ECONOMIC AND POLITICAL SUPPORT.

6. IN OUR VIEW, THE ANSWER TO THE BALANCE OF PAYMENTS PROBLEM IS A BROAD CONSORTIUM OF LENDING COUNTRIES WHICH WOULD PHASE ITS SUPPORT TO ENCOURAGE THE SORT OF ECONOMIC POLICIES THAT WILL QUALIFY PORTUGAL FOR HIGHER TRANCHE DRAWINGS FROM THE INTERNATIONAL MONETARY FUND. AS YOU KNOW, PRIME MINISTER SOARES STRONGLY FAVORS THIS APPROACH. WE ALSO HAVE PRELIMINARY INDICATIONS OF SUPPORT FROM THE UNITED STATES CONGRESS THAT LEAD ME TO BELIEVE THE UNITED STATES COULD PROVIDE ROUGHLY ONE THIRD OF THE 1.5 BILLION DOLLARS NEEDED FOR SUCH A CONSORTIUM. PARTICIPATION BY JAPAN IN SUCH AN ARRANGEMENT WOULD BE OF IMMENSE VALUE, FOR BOTH ECONOMIC AND POLITICAL REASONS.

7. MR. PRIME MINISTER, I HOPE THAT YOU WILL GIVE THIS MATTER YOUR PERSONAL ATTENTION AND PERMIT DISCUSSIONS BETWEEN OUR TWO GOVERNMENTS ON THE PROPOSED CONSORTIUM TO BEGIN AS RAPIDLY AS POSSIBLE. I THINK YOU WILL AGREE WITH ME THAT ACTIVE JAPANESE PARTICIPATION IN THE CONSORTIUM WOULD BE A SIGNIFICANT ACT OF SOLIDARITY WITH THE OTHER
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INDUSTRIALIZED DEMOCRACIES, PARTICULARLY THE EUROPEAN COMMUNITY WHICH IS HEAVILY COMMITTED TO ENSURING THE SUCCESS OF PORTUGAL'S EFFORTS TO BUILD A TRULY VITAL DEMOCRACY.

8. I APPRECIATE YOUR PERSONAL INTEREST IN THIS MATTER OF IMPORTANCE TO US ALL. SINCERELY, JIMMY CARTER. END QUOTE.

9. SIGNED COPY BEING POUCHED.
VANCE

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PAGE 01 STATE 051329
ORIGIN EUR-04

INFO OCT-01 ISO-00 /005 R

66011
DRAFTED BY EUR/WE/KSMITH
APPROVED BY EUR/WE/EMROWELL
-----092154Z 092497 /70

O 091928Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 051329

FOL RPT STATE 051329 ACTION TOKYO 8 MAR 77 QUOTE

C O N F I D E N T I A L STATE 051329

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSORTIUMS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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Expiration:
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From: STATE
Handling Restrictions: n/a
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3173024
Secure: OPEN
Status: NATIVE
Subject: CONSORTIUM LOAN FOR PORTUGAL
TAGS: PFOR, EAID, PO, JA
To: TOKYO
Type: TE
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Margaret P. Grafeld
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